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TO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

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ATTN PARIS FOR JOHNSTONE

F.O.112065 N/A

TAGS: SOPN, XC, US

SUBJECT: JANUARY 25 EA PRESS SUMMARY

1. GENERAL

EA'S HOLBROOKE TOLD ASIAN SOCIETY LUNCH (1/24) THAT US DOES NOT HAVE "DIRECT INVOLVEMENT" IN SEA/"WILL NOT GET INVOLVED."

HE SAID, HOWEVER, ANY WIDENING OF VN/CAMBODIA CONFLICT

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COULD HAVE SERIOUS CONSEQUENCES FOR ADMIN'S GOAL OF "EQUILIBRIUM" AMONG PRC/USSR/US/JAPAN. CALLED DENG VISIT OF CRUCIAL IMPORTANCE TO NEW RELS IN MANY FIELDS. HOLBROOKE ADDED, "IF OUR POSITION IN ASIA WAS OVEREXTENDED BEFORE, WE MUST NOT NOW TURN OUR BACKS. OUR STRATEGIC POSITION WOULD BE AS SEVERELY AFFECTED BY A LOSS OF TRADE AS BY A LOSS OF SECURITY" IN REGION (NYT).

2. CAMBODIA

REUTER MELUNSKY (BANGKOK) REPORTS DIPLO SOURCES SAY POL POT TROOPS FIGHTING ALONG ROUTES LEADING TO KOMPONG SOM. SOURCES ADDED, AS CONFLICT ENTERED NEW PHASE OF KHMER ROUGE GUERRILLA WARFARE, VIET-LED SIDE MIGHT HAVE RESUPPLY FORCES BY WATER THROUGH KOMPONG SOM, BECAUSE LAND ACCESS BECOMING INCREASING INSECURE. HOWEVER, LEADER OF HANOI-BACKED REV CMTE, KHANG SARIN, SAID IN RADIO INTERVIEW THAT CAMBODIA RAPIDLY RETURNING TO NORMALCY/FIRST PRIORITY NOW RICE/ OTHER AGRIC PRODUCTION, MELUNSKY NOTES.

MELUNSKY CITES INFORMED SOURCES IN BANGKOK THAT FIGHTING APPEARS TO HAVE SETTLED IN PATTERN OF WIDESPREAD BUT

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DEPARTMENT OF STATE A/CDC/MR

REVIEWED BY Furuday DATE 10/9/80

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SMALL SCALE ATTACKS BY GUERRILLA FORCES, ESPECIALLY IN AREAS WHERE PRO-VIET GARRISONS WEAKEST--IN NW/W NEAR END OF VIET SUPPLY LINES.

VIET TROOPS BATTLED POL POT FORCES FOR CONTROL OF OIL REFINERY/RADAR STATION NEAR KOMPONG SOM. SMALL SCALE FIGHTING ALSO REPORTED NEAR PP AIRPORT. ACCORDING WSJ. AP (BANGKOK) NOTES BROADCAST FROM CHINA BY POL POT GOVT OF POEM PROMISING "KILL AND KILL AGAIN" UNTIL VIET INVADERS,

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CHARGED W/ATROCITIES, DRIVEN OUT OF COUNTRY. BROADCAST CALLED VIETS "FEASTS"/SAID THEY ARE RAPING/PLUNDERING/KILLING "INFANTS SLEEPING IN THEIR CRADLES BY SPLITTING OPEN THEIR BODIES."

AP ADDS THAT VIETS STILL HOLD REFINERY/RADAR STATION MENTIONED ABOVE, BUT BEING FORCED RESUPPLY TROOPS BY AIR, BECAUSE HIWAY 4 LINKING KOMPONG SOM TO PP NOT SECURE. BROADCAST FROM REPELS IN PP CLAIMS KOMPONG SOM CALM/NEARBY PROVINCE OF KOH KONG CAPTURED BY INSURGENTS. AP QUOTES ANALYSTS THAT LOYALIST ATTACKS OCCURING ALMOST EVERY CORNER OF CAMBODIA/THERE SOME EVIDENCE OF COORDINATION/COMMAND STRUCTURE (SUN, NYDN).

3. AUSTRALIA/VIETNAM

CSM'S SOLOMON (CANBERRA) REPORTS GOA HAS SUSPENDED ALL AID/CULTURAL EXCHANGE PROGRAMS W/VN IN PROTEST AGAINST VIET MIL INVOLVEMENT IN CAMBODIA/VN'S REF POLICY. BUT GOA WILL NOT BREAK DIPLO RELS W/SRV. AUSTRALIAN AID WAS TO TOTAL 7.1 MIL DOLS; HOWEVER, ABOUT 6 MIL ALREADY SPENT.

SOLOMON ALSO NOTES GOA CABINET DECISION TO SEEK STRONGER LAWS IN ATTEMPTS DISCOURAGE LARGE SHIPS FROM BRINGING REFS DIRECTLY TO AUSTRALIA. "SEVERE PENALTIES" SOUGHT FOR MASTERS/OWNERS OF SHIPS WHO BRING REFS W/OUT GOA PERMISSION.

4. INDONESIA

INDONESIA TO RECEIVE 54 MIL DOL LOAN FROM WORLD BANK/INTL DEV ASSN TO IMPROVE ESSENTIAL URBAN SERVICES/IMPROVE EMPLOYMENT PROSPECTS OF LOW INCOME GROUPS (JOC).

5. JAPAN

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NYT'S HERSH (1/24) REPORTS USG SOURCES SAY FEDERAL GRAND JURY HEARING TESTIMONY THAT SOME OF US' LARGEST RETAILERS/ GROUP OF JAPANESE ELECTRONIC COMPANIES TOOK PART IN WIDE-SPREAD CUSTOMS FRAUD TO CONCEAL TRUE EXTENT "DUMPING" OF JAPANESE TV'S ON US MARKET. OFFICIAL CALL INQUIRY-- CENTERING ON GRAND JURIES IN LA/CHICAGO/NORFOLK--LARGEST IN RECENT HISTORY OF CUSTOMS SERVICE. AS MANY AS 80 IMPORTING COMPANIES UNDER INVESTIGATION, INCLUDING SEARS/MONTGOMERY WARD/JC PENNEY. HERSH SAYS SOME US RETAILERS ACKNOWLEDGED INQUIRY UNDER WAY, BUT DECLINED COMMENT. SPOKESMAN FOR

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JAPAN'S ELECTRONIC INDUSTRIES ASSN DENIED ANY WRONGDOING. UPI (JOC TOKYO) QUOTES NISSAN EXEC THAT MERGERS AMONG JAPANESE COMPANIES WILL COUNTER COMPETITION FROM US CARMAKERS AS THEY ENTER SMALL CAR MARKET. NISSAN'S PRES ISHIHARA CALLED MERGERS "ONLY EFFECTIVE MEASURE" TO ENSURE JAPANESE CAN "COMPETE EQUALLY W/FON AUTO MANUFACTURERS." THERE ARE PRESENTLY 11 JAPANESE CARMAKERS -- "TOO MANY," ACCORDING ISHIHARA.

INDUSTRY SOURCES IN TOKYO SAY JAPANESE REFINERY BUILDER HAS WON 15-MIL-DOL CONTRACT TO INSTALL UNITS TO REMOVE EXCESS WAX FROM CRUDE OIL PRODUCED IN CHINA'S SHENGLI FIELDS. FACILITY WILL ENABLE CHINESE INDUSTRY EXTRACT MIDDLE RANGE FUELS SUCH AS KEROSENE/GASOLINE/MOTOR OIL/DIESEL FUEL FROM OIL OTHERWISE USEABLE ONLY AS HEAVY FUEL FOR THERMAL POWER PLANTS (WSJ).

6. KOREA

AP (SEOUL) NOTES KOREAN TRADERS ASSN REPORTED JAN 24 THAT US WAS AGAIN SK'S BIGGEST EXPORT MARKET IN 1978.

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RECEIVING 4.06 BIL DOLS KOREAN GOODS OR 32 PCT EXPORTS.

JAPAN WAS SECOND, WITH 2.62 BIL DOLS (NYT).

ACCORDING JOC/CSM, SK SAYS IT IS SERIOUSLY STUDYING NK'S PEACE PROPOSALS; BUT COMMUNIST AFFAIRS EXPERTS SAY PYONG-YANG GESTURE OFFERS NOTHING NEW.

7. INDOCHINA REFUGEES

ARRIVAL OF VIETNAMESE REFUGEES IN ISRAEL FROM SHIP TUNG AN, NOW AT MANILA, WIDELY REPORTED (SUN; UPI, CHITRIB; AP, WP, PHINQ). BSUN REPORTS 100 VN REFUGEES ARRIVED ISRAEL 1/24 VIA SPECIAL FL AL PLANE. RECEIVED WARM WELCOME FROM ISRAELI OFFICIALS, ALTHOUGH SOME MINISTERS DID NOT WANT ADMIT ANY.

SUN CARRIES AP PHOTO OF ELDERLY VIETNAMESE WOMAN AWAITING IN TEL AVIV. NYT (AP) PHOTO SHOWS VN FAMILY CARRYING ISRAELI FLAGS.

INDOCHINESE REFUGEES, ARRIVAL IN US REPORTED BY LAT (1/24) /WP (1/24)/ AP, WSTAR 1/23. INTERNATIONAL RESCUE COMMITTEE SAYS REFUGEES FLYING TO SPONSORING FAMILIES IN SEATTLE/PORTLAND/ SFO/ SAN DIEGO/EAST COAST. MORE THAN 500 REFUGEES ARRIVED SO CAL, AMONG THEM GROUP 20 BOAT PEOPLE FROM HAI HONG (LAT 1/24). SOME REFUGEES SPONSORED BY US CATHOLIC CONFERENCE/INTERNATIONAL RESCUE COMMITTEE (WP 1/24). BSUN UPI PHOTO SHOWS SMILING VN REFUGEES CARRYING LUGGAGE, HEADING FOR ORANGE/SAN DIEGO COUNTIES.

8. PHILIPPINES

GOP DEF MINISTRY ANNOUNCED JAN 25 THAT US WILL HAND OVER SUBIC/CLARK TO PHILS ARMED FORCES IN SPECIAL CEREMONIES

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FEB 17. PRES MARCOS WILL ATTEND (REUTER, MANILA).
COMMENT AND ANALYSIS

9. CAMBODIA

BOYD (STL P-D) REPORTS EAGLETON SPEECH TO SENATE
CHARGES "MISGUIDED POLICY" OF US MIL INVOLVEMENT IN
CAMBODIA LED INDIRECTLY TO RECENT WARFARE IN SEA (1/18).

10. GENERAL

AP (MOSCOW) NOTES PRAVDA COMMENTARY THAT ASIA TOUR LED BY
SEN NUNN HAS BUILT UP TENSIONS IN AREA/HAS WHIPPED UP
MILITARISTIC SENTIMENTS IN JAPAN BY URGING INCREASED DEF
SPENDING. PRAVDA SAID "DELEGATION CLEARLY PURSUED THE
LINE OF THOSE IN THE USA WHO DO NOT WANT DETENTE AND WHO
ARE LOOKING FOR AN OPPORTUNITY TO BUILD UP AN UNHEALTHY
ATMOSPHERE IN THE WORLD" (NYT).

11. PHILIPPINES

LOUISVILLE COURIER JOURNAL (EDIT 1/13) SAYS RECENT BASE
NEGOTS CONFRONTED CARTER ADMIN W/TOUGH CHOICE BETWEEN NATL
SECURITY/HUMAN RIGHTS. BELIEVES BOTH MAY BE SERVED IN LONG
RUN BY COMPROMISE REACHED. NOTES US HAS MADE CLEAR
AGREEMENT DOES NOT CONSTITUTE APPROVAL OF MARCOS GOVT.

12. JAPAN

NYT'S SCOTT-STOKES (TOKYO) SAYS 6-WK-OLD OHIRA GOVT
FACES MAJOR TESTS IN DIET SESSION OPENING 1/26. BELIEVES
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OHIRA'S MAJOR PROBLEM WILL BE WINNING APPROVAL OF BUDGET
FOR FY BEGINNING 4/1, WHILE OPPOSITION ATTACKS ON 3
ISSUES: ALLEGATIONS OF US AIRCRAFT MAKERS BRIBES TO
JAPANESE OFFICIALS/GOVT PLAN TO LEGALIZE JAPAN'S IMPERIAL
CALENDAR/GROUP OF DEFENSE PROBLEMS.

NOTES CALENDAR CHANGE BITTERLY OPPOSED BY SOCIALISTS/
COMMUNISTS BUT IN PROPOSAL TO NUMBER YR ACCORDING LENGTH
OF EMPEROR'S REIGN, OHIRA PLACATING TRADITIONALISTS WHOSE
SUPPORT HE CANNOT AFFORD TO LOSE, ACCORDING SCOTT-STOKES.
BUT THINKS MAIN CHALLENGE WILL COME IN BUDGET CMTE'S

DISCUSSION OF BRIBERY CHARGES, SINCE PLAN CALLS FOR
PURCHASE OF 4 GRUMMAN HAWKEYE RECON AIRCRAFT. DEFENSE
ISSUES TO BE RAISED BY OPPOSITION INCLUDE REVISION OF
DEFENSE LAW TO ALLOW INCREASE IN SIZE OF ARMED FORCES/
PLANS FOR BUILDING SUBMARINE FLEET/PROPOSALS TO INCREASE
JAPAN'S CONTRIBUTIONS TO US MIL COSTS THERE.

13. KOREA

CSM'S SOUTHERLAND (1/24) SAYS NEW PRESSURES BUILDING TO
SUSPEND CARTER TROOP WITHDRAWAL PLAN. SAYS RECENT INTELL
STUDIES/NORMALIZATION W/CONSEQUENT DETACHMENT FROM TAIWAN/
TURMOIL IN IRAN ALL FACTORS CREATING UNCERTAINTIES ABOUT
US CAPABILITIES/INTENTIONS IN WORLD. NOTES OPPONENTS TO
WITHDRAWAL ARGUE MORE PULLOUTS COULD CONTRIBUTE TO
DANGEROUS PERCEPTION THAT US IN RETREAT.

IN THAT LIGHT, SOUTHERLAND BELIEVES VIEWS OF CHINA/JAPAN/
SK MAY TAKE ON ADDED MEANING. NOTES JAPANESE HAVE BEEN

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UNHAPPY ABOUT WITHDRAWAL DECISION FROM START/S KOREANS
HAVE NEVER BEEN SO UNITED ON ISSUE AS ON OPPOSITION TO
US PULLOUT. QUOTES ANALYSTS THAT CHINA'S VIEWS AMBIGUOUS
--PUBLICLY CALLING FOR US WITHDRAWAL BUT INDICATING IN
PRIVATE CONVERSATIONS THAT THEY SEE NO URGENT NEED.

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SOUTHERLAND NOTES ANALYSTS' BELIEF THAT WHILE IN PAST
USSR/PRC HAVE RESTRAINED NK FROM ATTACK, NEW INTELL DATA
SHOWS NK COULD LAUNCH ATTACK ON SOUTH W/OUT HELP OF EITHER.
CONCLUDES, THE CARTER ADMIN NEVER STATED SO PUBLICLY, ONE
MAIN REASON FOR WITHDRAWAL IS TO REDUCE RISK OF AUTOMATIC
US INVOLVEMENT IN WAR SHOULD NK ATTACK.

WP'S CHAPMAN (TOKYO) SAYS NK'S PROPOSAL FOR TALKS W/SK
THIS YR BEING STUDIED CLOSELY FOR SIGNS COMMUNISTS NOW
WILLING DISCUSS REUNIFICATION. SAYS NK RESPONSE TO
PARK'S PROPOSAL FOR TALKS RECEIVING UNUSUAL ATTENTION IN
SEOUL, SINCE IT WAS GIVEN SO QUICKLY. NOTES ROKG
REACTING CAUTIOUSLY/ADVISING REPORTERS PRIVATELY THAT NK
RESPONSE CONTAINS NOTHING NEW. CHAPMAN CITES BELIEF OF
SOME AUTHORITIES THAT US-CHINA NORMALIZATION MIGHT LEAD
TO THAW IN KOREA.

WSJ'S THARP BELIEVES COLD WAR IN KOREA ON VERGE OF THAW.
BELIEVES NK REPLY'S REFERENCE TO SK DESIRE FOR DIALOG
BETWEEN NORTH/"PERSON IN SOUTH KOREAN AUTHORITY" TO BE
REFERENCE TO PRES PARK--WHOSE LEGITIMACY/NK AUTHORITIES
HAVE REFUSED ACKNOWLEDGE IN PAST.

THARP ALSO NOTES REACTION OF ROK OFFICIALS THAT NK
PROPOSAL CONTAINS NOTHING NEW/THIR OBSERVATION THAT
RESPONSE ISSUED BY "PHANTOM ORGANIZATION" CALLING ITSELF
DEMOCRATIC FRONT FOR THE REUNIFICATION OF THE FATHER-LAND.
SAYS PRIVATE CITIZENS SEEM ENCOURAGED BY RESPONSE, HOWEVER.
THARP QUOTES DIPLOS THAT SK SHOULD HAVE NO TROUBLE ACCEPT-
ING FIRST 2 POINTS OF NK PROPOSAL: REAFFIRMATION OF PRINCI-
PALS OF SELF-DETERMINATION/PFACE/NATL UNITY/IMMEDIATE

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CESSATION "CALUMNIES/AND SLANDERS" AGAINST EACH OTHER IN
PUBLIC/PRIVATE. HOWEVER, DIPLOS FEEL THIRD POINT,
DEALING W/CESSATION OF MIL ACTIVITIES, LIKELY MEET SK
SKEPTICISM. SIMILARLY, THEY BELIEVE FOURTH POINT,
CALLING FOR PAN-KOREAN CONFERENCE OF ALL PARTIES/ORGS,
UNLIKELY WIN ACCEPTANCE SINCE IT WOULD CREATE FORUM TOO
UNWIELDY FOR SENSITIVE TALKS. VANCE

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